

Message Text

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PAGE 01 SANTIA 01481 111540Z

72

ACTION ARA-10

INFO OCT-01 ISO-00 SS-15 L-02 EB-07 IO-10 AID-05 NSC-05

COME-00 OMB-01 TRSE-00 AGR-10 CIAE-00 DODE-00 INR-07

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FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 2460

UNCLAS SANTIAGO 1481

E.O.11652:N/A

TAGS: CI, ECON, AFSP, ALOW, AFIN

SUBJ: INFLATION IN FEBRUARY AND LOCAL WAGE ADJUSTMENTS

REFS: A) SANTIAGO 874 B) SANTIAGO A-192 OCT 11, 1974

1. NATIONAL STATISTICAL INSTITUTE (INE) CALCULATES FEBRUARY RISE IN CONSUMER PRICE INDEX (CPI) OF 16.5 PERCENT. IN FEBRUARY "MISCELLANEOUS ITEMS" WAS CATEGORY WITH LARGEST INCREASE (21.4 PERCENT) FOLLOWED BY FOOD (18.4 PERCENT), CLOTHING (10.3 PERCENT) AND HOUSING (9.9 PERCENT).

2. INFLATION FOR FIRST TWO MONTHS 1975 NOW TOTALS 32.8 PERCENT: INFLATION OVER TWELVE MONTH PERIOD STILL EDGING DOWNWARD FROM 375.1 PERCENT IN JANUARY TO 344.8 PERCENT NOW.

3. AS REPORTED IN REF B, DECREE 219 AND DECREE LAW 670 ESTABLISHED AUTOMATIC READJUSTMENT OF WAGES, ALLOWANCES AND PENSIONS BASED ON FULL AMOUNT OF INFLATION EXPERIENCED IN PRECEDING PERIOD. READJUSTMENT TAKING EFFECT MARCH 1 WAS SET AT 33 PERCENT (COVERING NOV-JAN CPI INCREASE). MINIMUM WAGE IS NOW E0.86,400 PER MONTH.

4. FAMILY ALLOWANCES (ASIGNACION FAMILIAR) WAS SENT AT E0.8,400 PER DEPENDENT PER MONTH ON DECEMBER 28, 1974 AND WAS INCREASED TO E0.9,400 DURING THAT MONTH TO COMPENSATE FOR LARGE INCREASES IN PRICE OF BREAD. ON MARCH 1 THAT ALLOWANCE WAS RAISED TO UNCLASSIFIED

UNCLASSIFIED

PAGE 02 SANTIA 01481 111540Z

E0.12,600.

5. TRANSPORTATION ALLOWANCE IS NOW 11,200 ESCUDOS PER WORKER PER MONTH.

6. LUNCH ALLOWANCE (COLACION), GIVEN ONLY TO GOVERNMENT WORKERS (MOST PRIVATE ENTERPRISES PROVIDE FREE OR HEAVILY SUBSIDIZED LUNCHES), WAS RAISED TO E0.13,795 ON MARCH 1. POPPER

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